

**Internal Revenue Service
Appeals**

Department of the Treasury

Address any reply to:

Employer Identification Number:

Person to Contact:

Contact Telephone Number:

Fax Number:

UIL: 501.03-30

Date: December 12, 2013

Number: **201410043**

Release Date: 3/7/2014

Certified Mail

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you dated July XX, 20XX is hereby revoked and you are no longer exempt under section 501(a) of the Code effective January 1, 20XX.

The revocation of your exempt status was made for the following reason:

Our adverse determination was made because your organization is not operated exclusively for exempt purposes. Section 1.501(c)(3)-1(c)(1) of the Federal Tax Regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Contributions to your organization are no longer deductible under §170 of the Code.

You are required to file income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the tax years ending December 31, 20XX and December 31, 20XX, and for all tax years thereafter in accordance with the Code.

Processing of income tax returns and assessments of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Code.

We will make this letter and the proposed adverse determination letter available for public inspection under Code section 6110 after deleting certain identifying information.

We have provided to you, in a separate mailing, Notice 437, *Notice of Intention to Disclose*. Please review the Notice 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you decide to contest this determination under the declaratory judgment provisions of section 7428 of the Code, a petition to the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia must be filed before the 91st Day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgment. To secure a petition from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, DC 20217. See also Publication 892.

You also have the right to contact the Office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal Appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States Court. The Taxpayer Advocate can however, see that tax matters that may not have been resolved through normal channels get prompt and proper handling. You may call toll-free, 1-877-777-4778, for Taxpayer Advocate assistance or visit www.irs.gov/advocate for more information.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

/s/
Appeals Team Manager

Enc: Publication 892

cc: *****



DEPARTMENT OF THE TREASURY
Internal Revenue Service

TAX EXEMPT AND
GOVERNMENT
ENTITIES DIVISION

February 18, 2009

ORG
ADDRESS

Taxpayer
Identification Number:
Form:
Tax Year(s) Ended:
Person to Contact./ID
Number:
Contact Numbers:
Telephone:
Fax:

Certified Mail - Return Receipt Requested

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501 (c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Renee B. Wells
Acting Director, EO
Examinations

Enclosures:
Publication 892
Publication 3498
Report of
Examination

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 990
Name of Taxpayer ORG EIN		Year/Period Ended 01/01/20XX

LEGEND

ORG - Organization name XX - Date Address - address City - city
State - state President - president CI-1 - 1st COMPANY DIR-1, DIR-
2, DIR-3 & DIR-4 - 1ST, 2ND, 3RD & 4TH DIR

Issues:

1. Whether ORG (hereafter referred to as ORG) is operated exclusively for exempt purposes described in Internal Revenue Code §501(c)(3):
 - a) Is ORG engaged primarily in activities that accomplish an exempt purpose?
 - b) Were more than an insubstantial part of ORG activities in furtherance of a non-exempt purpose?
 - c) Was ORG operated for the purpose of serving a private benefit rather than public interests?

Facts:

Organizational History

ORG' was incorporated under the laws of the State of State as a non-profit corporation on October 23, 20XX. In a determination letter dated July 24, 20XX, ORG was granted exemption from federal income tax as an organization described in IRC, section 501(c)(3). ORG was and is located at Address, City, State.

During the examination President, the ORG President and individual in charge of operations, stated that he acquired the general knowledge about credit counseling and Debt Management Plans (hereafter referred to as DMPs) from a friend whose name he could not recall. The friend had been employed by a larger credit counseling company named CO-1, which is no longer recognized as tax-exempt by the IRS. President further stated that his idea to form ORG was supported and encouraged by members of his family and church. President led the effort to incorporate ORG and seek tax-exempt status; however the only persons listed as founders are 3 family members of President. The 3 organizing officers are as follows: DIR-1 (President's sister), DIR-2 (his sister's husband) and DIR-3 (President's mother). President stated that the reason he did not include himself as an officer or trustee originally, was that he planned to be paid a full-time salary and believed that paid officers would be looked upon unfavorably. No board meeting minutes were kept, nor were any records evidencing board members' input or involvement in decision making. The family relationships were partially disclosed in a response to the application package where it stated that DIR-1 is DIR-2's husband. On the third form 990 return filed, there was a disclosure that DIR-3 was DIR-1's mother and that DIR-2 was DIR-1's husband.

The organization was given its tax exempt status based on activities described on its Form 1023 - Application for Recognition of Exemption and in additional responses to information requested in

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Letter 1312 dated July 16, 20XX. The proposed activities listed on the application were written as follows:

1. *Giving charitable advice to poor, underprivileged and financially distressed members of the community to help the poor and their families get out of debt and stay out of debt*
2. *Doing charitable work for the poor underprivileged and financially distressed members of the community by contacting their creditors for them, rescheduling their payments, helping them complete forms or completing forms for them, and writing letters for them to help them get out of, reduce, and stay out of debt.*
3. *Lessening the burdens of state and local government by helping poor, underprivileged or financially distressed members of the community from having to seek and rely upon state or federal financial aid in order to feed house or support themselves or their families.*
4. *Educating the poor, underprivileged or financially distressed members of the community on how to set up and live within budgets that they can afford so as to avoid getting into debt and behind in their payments to their creditors.*
5. *Lessening neighborhood tensions by helping poor, underprivileged and financially distressed members of the community from having to take bankruptcy, become homeless and resorting to possible criminal activities to make money to survive.*
6. *by helping parents get out of debt and stay out of debt, support themselves Combating community deterioration and juvenile delinquency through their own labor and provide safer, more secure homes for their children.*

Based on the information submitted to the IRS in the Application for Exemption, the Determinations Unit concluded that ORG qualified for exemption both as a charitable organization, as it was to provide relief to the poor and underprivileged; and as an educational organization as it was to instruct the community on subjects useful to the individual and beneficial to the community.

Activity Description

ORG is operated as a sole proprietorship, rather than as a public charity. President performs all of the substantive work and hires minimal clerical help, usually one assistant. President is the only "credit counselor". He does not have any certification or degrees in credit counseling, counseling or social work, although both the website and the telephone answering recording ask prospective clients to "*Speak with one of our certified counselors...*"

The primary activity and income source of ORG is enrolling and managing the debt accounts of clients in Debt Management Plans (DMP). The DMP is a plan whereby a client agrees to make a monthly payment to ORG to satisfy his or her unsecured debts. ORG distributes the client's payment, minus a "voluntary" contribution or processing fee, to each creditor under the terms arranged between ORG and the creditor under the plan. Substantially all of the debts handled in a

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DMP are credit card debts, but some clients have other unsecured debts serviced, such as medical expense balances. ORG maintained accounts of between 800 and 850 DMP clients at any given time during the period. ORG does not offer related services such as bankruptcy counseling, foreclosure counseling and has not documented any referrals to professional outside help.

From the examined period to present ORG has not received any public or private contributions from sources for which they do not provide DMP services. On its application, ORG stated that Financial Support would come *50% from Contributions of General Public and 50% from Contributions of Private Organizations*. The Application stated that consultation, analysis and budget planning would be a free service to the community. If clients wished to use services further, upon enrollment in the Debt Management Program, they will be advised to make a \$ voluntary contribution. For clients continuing to use the DMP service, there would be \$ voluntary contribution every month that a payment is made through ORG.

The examination revealed that 100% of ORG's income is derived from either DMP clients or from the banks for which it provides DMP payment services. A 56% of ORG income is derived from the *voluntary* fees charged to DMP clients. ORG has not been able to furnish any documentation that DMP fees charged to clients were in fact *voluntary*. ORG received several document requests to provide a list of clients who received DMP assistance and were not charged a fee. President was not able to provide any documentation where fees were waived, but responded to document request with a statement that fees are waived based on poverty guidelines.

The remaining 44% of ORG's income is derived from the banks that have outstanding loans to DMP clients. The banks in this case made payments to ORG referred to as "Fair Share" until mid 20XX. Subsequently, the banks shied away from referring to DMP compensation as Fair Share and started funding credit counseling organizations by what they call "grants". Fair Share payments were based on a percentage of the direct amount of DMP payments made to banks by credit counseling companies. The banks claim that *grant* funding is based on the organization's need and the extent to which it benefits consumers and the public at large. In a letter from to ORG dated April 25, 20XX, it states: "*will supplement its modified Fair Share participation by providing grants to those non-profit agencies that demonstrate ongoing professional commitment to credit counseling and consumer education in their communities.*"

ORG is not held accountable as a condition of the *grants*. ORG does not document any client education. ORG does not keep any records of client education, counseling or referrals to other qualified professionals. Telephone calls are not recorded and no documentation is maintained which supports that DMP clients receive any education during the telephone calls. President claims that, during phone calls, he acquires financial information, provides counseling, discusses budgets and suggests the "best course of action". Since there were no recordings kept of these phone calls, there is no verification as what *actually* transpired on past telephone calls. During the examination the Agent listened in on a call. President phoned a number left on the answering

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system and listened while the client explained her hardships, debts, income and obligations. President empathized, jotted numbers on scrap paper and did not discuss the issue of DMP or offer any solution. The call lasted about 15 minutes and ended with President taking a message in order to phone her back later. No education, counseling or advice was given. Because the call was observed by the IRS, no DMP was pursued.

On the initial tour of the ORG office, the examination revealed that the only files kept were those of DMP clients. Files contained DMP contract, credit card statements and no educational materials. The Agent asked what educational materials were used and was told that President directs client to use the ORG website, specifically its budgeting tools, but also its calculators and useful links. President states the reason that he keeps only files on DMP enrolled clients is that it would be too costly to keep files on everyone who called in.

ORG does not report having any assets or liabilities other than minimal checking account balance (\$ EOY 20XX, \$ EOY 20XX) and accounts and payroll payable (\$ EOY 20XX, \$ EOY 20XX). The office space is rented from an unrelated party and what little office furniture present is left over from President's previous for-profit business ventures. There are computer equipment and a flat-screen TV present which were purchased subsequent to the examined period and for which no detailed accounting is available.

President has a bachelor's degree in computer engineering and has some experience in other for-profit ventures, including mortgage brokering and advertising. He created the organization's website and states that he wrote all the information, including verbiage of educational interest contained on it. The website is in English and Spanish at website or website It underwent a major overhaul in April of 20XX. The former website home page was retrieved in examination through the use website. It focused primarily on the Debt Management Program. The subsequent revision was more elaborate and contains a section with *educational* information, budgeting tools and links to several established outside resources and information about DMP's. President claims that he wrote all of the educational material contained in the website.

The ORG website generates DMP leads by prompting potential clients to leave their contact information for a *free analysis*. The website states "*Our Certified Credit Counselors can help you online, by mail, in person or you can attend one of our free seminars.*" It states that the DMP program can lower interest rates, reduce payments by up to 58%, stop harassment from creditors, and improve your credit and that there are no requirements to qualify.

President also purchases airtime on Spanish local radio and TV. During these programs he discusses some aspect of personal finance such as credit scores, identity theft or free credit reports. Copies of two radio appearances and one TV interview were provided for and reviewed by the Agent (and a fluent Spanish speaking Agent). Each lasted 5 to 10 minutes. The copies of appearances furnished did not solicit or discuss DMPs, however they were recorded after the period when the website was overhauled to shift focus away from DMP and towards education.

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They were provided after the Agent had made numerous requests for proof of educational activities and after President was advised of the implications of having substantial non-exempt activities. All programs included mention of ORG and its website.

President stated that he also conducts face to face "counseling and "seminars" at the office and at various off-site locations such as: booths set up at Hispanic festivals, at fairs held by President's church and free seminars held at the ORG office. President states he gives free financial counseling and then shows interested individuals how to access their free credit report online. The Agent made several requests for any and all calendars of events, past and present. When a calendar was finally presented, it contained only printouts of the following 3 months with the names of various institutions sprinkled on it. When the Agent asked why there were no times, phone numbers or addresses listed President responded that these were only prospective outreach contacts that he intended to call. The Agent did sit in on a seminar at a clubhouse of an apartment complex which President arranged long after the examination had begun. 4 residents showed up. President spoke for 45 minutes about the importance of credit scores and how they are affected. Because the IRS was observing, the presentation did not contain any mention of DMPs.

President mentioned one other unusual activity. He states he organized a group of volunteer students from State International University (his alma mater) to assist him in attempting to acquire certain certifications for the organization. No documentation was provided regarding this activity. President did state that ORG never obtained the certification the students sought to help him get. This activity was to have occurred shortly after the revision of the website.

President continues to operate ORG in the above described manner, without hiring any counselors and continues to be totally controlled by President and his family. There was one added board member in March 20XX; DIR-4. President stated that he had no relationship to DIR-4. However, Accurant research revealed that DIR-4's wife had co-owned a residential property with President.

LAW and ANALYSIS:

Section 501(c)(3) of the Code exempts from federal income tax corporations organized and operated exclusively for charitable, educational, and other purposes, provided that no part of the net earnings inure to the benefit of any private shareholder or individual. The term charitable includes relief of the poor and distressed (Section 1.501(c)(3)-1(d)(2), Income Tax Regulations).

The term educational includes (a) instruction or training of the individual for the purpose of improving or developing his capabilities and (b) instruction of the public on subjects useful to the individual and beneficial to the community (Treas. Reg. § 1.501(c)(3)-1(d)(3)).

Section 1.501(c)(3)-1(a)(1) of the regulations provides that, in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated

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exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279 (1945).

Educational purposes include instruction or training of the individual for the purpose of improving or developing his capabilities and instruction of the public on useful and beneficial subjects. Treas. Reg. § 1.501(c)(3)-1(d)(3). In Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purposes, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university.

In American Institute for Economic Research v. United States, 302 F. 2d 934 (Ct. Cl. 1962), the Court considered the status of an organization that provided analyses of securities and industries and of the economic climate in general. The organization sold subscriptions to various periodicals and services providing advice for purchases of individual securities. Although the court noted that education is a broad concept, and assumed for the sake of argument that the organization had an educational purpose, it held that the organization had a significant non-exempt commercial purpose that was not incidental to the educational purpose and was not entitled to be regarded as exempt.

An organization must establish that it serves a public rather than a private interest and "that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests." Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii). Prohibited private interests include those of unrelated third parties as well as insiders. Christian Stewardship Assistance, Inc. v. Commissioner, 70 T.C. 1037 (1978); American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). Private benefits include an "advantage; profit; fruit; privilege; gain; [or] interest." Retired Teachers Legal Fund v. Commissioner, 78 T.C. 280, 286 (1982).

The Service has issued two rulings holding credit counseling organizations to be tax exempt. Rev. Rul. 65-299, 1965-2 C.B. 165, granted exemption to a 501(c)(4) organization whose purpose was to assist families and individuals with financial problems and to help reduce the

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incidence of personal bankruptcy. Its primary activity was to meet with people in financial difficulties to "analyze the specific problems involved and counsel on the payment of their debts." The organization also advised applicants on prorating and payment of debts, negotiated with creditors and set up debt repayment plans. It did not restrict its services to the needy. It made no charge for the counseling services, indicating they were separate from the debt repayment arrangements. It made "a nominal charge" for monthly prorating services to cover postage and supplies. For financial support, it relied upon voluntary contributions from local businesses, lending agencies, and labor unions.

Rev. Rul. 69-441, 1969-2 C.B. 115, granted 501(c)(3) status to an organization with two functions: it educated the public on personal money management, using films, speakers, and publications, and provided individual counseling to "low-income individuals and families." As part of its counseling, it established budget plans, i.e., debt management plans, for some of its clients. The debt management services were provided without charge. The organization was supported by contributions primarily from creditors. By virtue of aiding low income people, without charge, as well as providing education to the public; the organization qualified for section 501(c)(3) status.

In the case of Consumer Credit Counseling Service of Alabama, Inc. v. U.S., 44 A.F.T.R.2d 78-5052 (D.D.C. 1978), the District Court for the District of Columbia held that a credit counseling organization qualified as charitable and educational under section 501(c)(3). It fulfilled charitable purposes by educating the public on subjects useful to the individual and beneficial to the community. Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b). For this, it charged no fee. The court found that the counseling programs were also educational and charitable; the debt management and creditor intercession activities were "an integral part" of the agencies' counseling function and thus were charitable and educational. Even if this were not the case, the court viewed the debt management and creditor intercession activities as incidental to the agencies' principal functions, as only approximately 12 percent of the counselors' time was applied to debt management programs and the charge for the service was "nominal." The court also considered the facts that the agency was publicly supported and that it had a board dominated by members of the general public as factors indicating a charitable operation. See also, Credit Counseling Centers of Oklahoma, Inc. v. United States, 79-2 U.S.T.C. 9468 (D.D.C. 1979), in which the facts and legal analysis were virtually identical to those in Consumer Credit Counseling Centers of Alabama, Inc. v. United States, discussed immediately above.

The organizations included in the above decision waived the monthly fees when the payments would cause financial hardship. The professional counselors employed by the organizations spent about 88 percent of their time in activities such as information dissemination and counseling assistance rather than those connected with the debt management programs. The primary sources of revenue for these organizations were provided by government and private foundation grants, contributions, and assistance from labor agencies and United Way.

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Outside the context of credit counseling, individual counseling has, in a number of instances, been held to be a tax-exempt charitable activity. Rev. Rul. 78-99, 1978-1 C.B. 152 (free individual and group counseling of widows); Rev. Rul. 76-205, 1976-1 C.B. 154 (free counseling and English instruction for immigrants); Rev. Rul. 73-569, 1973-2 C.B. 179 (free counseling to pregnant women); Rev. Rul. 70-590, 1970-2 C.B. 116 (clinic to help users of mind-altering drugs); Rev. Rul. 70-640, 1970-2 C.B. 117 (free marriage counseling); Rev. Rul. 68-71, 1968-1 C.B. 249 (career planning education through free vocational counseling and publications sold at a nominal charge). Overwhelmingly, the counseling activities described in these rulings were provided free, and the organizations were supported by contributions from the public.

GOVERNMENT POSITION:

ORG is not operated exclusively for charitable or educational purposes. An IRC section 501(c)(3) organization will only qualify for tax exempt status if it is organized and operated exclusively for charitable or educational purposes. The organization has not been able to produce any compelling evidence to show its activities discriminate to a charitable class, or that it provides any education which improves or develops individuals' capabilities or instructs the public on useful and beneficial subjects. ORG has not carried out any the objectives listed in its Application for Exemption. Neither the DMP activities, nor the attempts made to generate DMP clients constitute charitable work, education or advice. ORG is not lessening the burdens of state and local government, easing neighborhood tensions or combating community deterioration.

ORG is operating in a commercial manner, substantially the same as a for-profit credit counseling organizations and charges comparable fees. More than an insubstantial part of its activities are commercial in nature. None of ORG's activities are exempt as described under Internal Revenue Code section 501(c)(3). The organization does not limit its client base to a charitable or low-income population. The organization is motivated by the fees that it charges and not by charitable activities described in IRC, section 501(c)(3).

The purpose of ORG's activities differs substantially from those of the organizations in Rev. Rul. 65-299, Rev. Rul. 69-441, and Consumer Credit Counseling Service of Alabama, Inc. v. U.S. There were no fees waived, public support, educational program, or any exempt activity that would meet the requirements as stated under IRC section 501(c)(3). There was no evidence of any meaningful education or credit counseling being conducted. Unlike the credit counseling organizations described in the Revenue Rulings referred to above, and in Consumer Credit Counseling Service of Alabama, Inc. v. U.S., during the period of exam ORG provided very little if any counseling or education to its clients. ORG's sole purpose was to enroll clients in and manage Debt Management Plans.

The various other activities undertaken by President, including Spanish radio and TV appearances, and seminars are primarily to generate leads for DMP accounts and to attempt to satisfy the Government that the organization is providing education. Since President is the only

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counselor, the more time he claims he was involved in outreach, the less time he would have had to spend on educating individual callers.

Conclusion

Based on the facts presented in this examination, ORG does not operate exclusively for exempt purposes, because it did not engage primarily in activities that accomplish an exempt purpose. ORG's principal activity is the management of Debt Management Plans. This activity does not achieve charitable or educational purposes, but is merely a commercial service. Even if ORG were able to establish that it was formed and operated for charitable or educational purposes, it would not qualify for exemption because it is operated for a substantial non-exempt purpose. Accordingly, it is determined that the tax exempt status of ORG should be revoked because it is not an organization described in IRC §501(c)(3), effective January 1, 20XX.